

**Letter of Findings: 01-20182311
Individual Income Tax
For the Tax Year 2015**

NOTICE: IC § 6-8.1-3-3.5 and IC § 4-22-7-7 require the publication of this document in the Indiana Register. This document provides the general public with information about the Department's official position concerning a specific set of facts and issues. This document is effective as of its date of publication and remains in effect until the date it is superseded or deleted by the publication of another document in the Indiana Register. The "Holding" section of this document is provided for the convenience of the reader and is not part of the analysis contained in this Letter of Findings.

HOLDING

Individual failed to demonstrate that she did not have additional unreported Indiana taxable income, therefore failing to prove that the Department's proposed assessment of additional Indiana individual income tax was incorrect for the tax year at issue.

ISSUE

I. Individual Income Tax - Federal Discrepancy.

Authority: IC § 6-8.1-5-1; IC § 6-3-2-2; IC § 6-3-2-1; IC § 6-3-1-3.5; *Lafayette Square Amoco, Inc. v. Indiana Dep't of State Revenue*, 867 N.E.2d 289 (Ind. Tax Ct. 2007); *Indiana Dep't of State Revenue v. Rent-A-Center East, Inc.*, 963 N.E.2d 463 (Ind. 2012); *Miller Brewing Co. v. Indiana Dep't of State Revenue*, 903 N.E.2d 64 (Ind. 2009); *Scopelite v. Indiana Dep't of Local Gov't Fin.*, 939 N.E.2d 1138 (Ind. Tax Ct. 2010); *Wendt LLP v. Indiana Dep't of State Revenue*, 977 N.E.2d 480 (Ind. Tax Ct. 2012).

Taxpayer protests the imposition of Indiana individual income tax for tax year 2015.

STATEMENT OF FACTS

Taxpayer filed her 2015 Indiana income tax return in January 2016. In August 2018, based on information from the Internal Revenue Service ("IRS") showing that more taxable income had been reported to the IRS than had been reported to the Indiana Department of Revenue ("Department"), the Department adjusted Taxpayer's 2015 return which resulted in additional base tax due in the amount of \$3,186. The Department issued Taxpayer a proposed assessment for the increase, plus penalty and interest.

Taxpayer protested the assessment and waived her right to a hearing. Thus, this Letter of Findings is based on the information available to the Department and provided in Taxpayer's protest file. Additional facts will be provided as necessary.

I. Individual Income Tax - Federal Discrepancy.

DISCUSSION

Based upon information received from the IRS, the Department adjusted Taxpayer's 2015 Indiana income tax return, resulting in an increase to Taxpayer's tax liability. The Department assessed Taxpayer for the increase, plus penalty and interest. Thus the issue is whether Taxpayer adequately demonstrated that the adjustment to her 2015 Indiana income tax return, and the resulting assessment of additional tax due, was incorrect.

As a threshold issue, all tax assessments are *prima facie* evidence that the Department's claim for unpaid tax is valid; the taxpayer bears the burden of proving that any assessment is incorrect. IC § 6-8.1-5-1(c); *Indiana Dep't of State Revenue v. Rent-A-Center East, Inc.*, 963 N.E.2d 463, 466 (Ind. 2011); *Lafayette Square Amoco, Inc. v. Indiana Dep't of State Revenue*, 867 N.E.2d 289, 292 (Ind. Tax Ct. 2007). "[E]ach assessment and each tax year stands alone." *Miller Brewing Co. v. Indiana Dep't of State Revenue*, 903 N.E.2d 64, 69 (Ind. 2009). Consequently, the taxpayer is required to provide documentation explaining and supporting its challenge that the Department's position is wrong for each tax year at issue. Poorly developed and non-cogent arguments are subject to waiver. *Scopelite v. Indiana Dep't of Local Gov't Fin.*, 939 N.E.2d 1138, 1145 (Ind. Tax Ct. 2010); *Wendt LLP v. Indiana Dep't of State Revenue*, 977 N.E.2d 480, 486 n.9 (Ind. Tax Ct. 2011).

Indiana imposes an adjusted gross income tax on all residents. IC § 6-3-2-1(a). A taxpayer's Indiana income is determined by starting with the federal adjusted gross income and making certain adjustments. IC § 6-3-1-3.5(a). IC § 6-3-2-2(a) specifically outlines what is income derived from Indiana sources and subject to Indiana income tax. For Indiana income tax purposes, the presumption is that taxpayers properly and correctly file their federal income tax returns as required pursuant to the Internal Revenue Code. Thus, to efficiently and effectively compute what is considered the taxpayer's Indiana income tax, the Indiana statute refers to the Internal Revenue Code. IC § 6-3-1-3.5(a) provides the starting point to determine the taxpayer's taxable income and to calculate what would be their Indiana income tax after applying certain additions and subtractions to that starting point.

In August of 2018, the Department adjusted Taxpayer's 2015 Indiana income tax return based on information it received from the IRS. The Department then issued Taxpayer a proposed assessment as a result of the adjustment. In her protest letter, Taxpayer stated that she believed she had not filed her 2015 return and therefore believed that the protested assessment was based upon the best information available. However, Department records show that Taxpayer timely filed her 2015 return on January 27, 2016.

The Department reviewed Taxpayer's protest and in a letter to Taxpayer dated November 13, 2018, informed Taxpayer that the assessment "is the result of a discrepancy between your Federal Adjusted Gross Income . . . amount compared to the amount indicated on line [one] of your Indiana state return." The letter went on to state that if Taxpayer disagreed with the adjustment, she should provide a copy of her 2015 Federal Record of Account to the Department by December 18, 2018. A second letter requesting Taxpayer's Federal Record of Account was mailed on February 13, 2019. Taxpayer timely provided her 2015 Federal Record of Account to the Department in response to the second letter.

Taxpayer's Federal Record of Account shows that Taxpayer's 2015 federal adjusted gross income is greater than the amount reported to the Department. As stated in IC § 6-3-1-3.5(a), Indiana must start with Taxpayer's federal adjusted gross income in determining her Indiana taxable income. Taxpayer has not provided any argument or evidence that would demonstrate that her federal adjusted gross income, as reported by the IRS, is incorrect.

As stated above, it is Taxpayer's burden to prove that the Department's assessment is incorrect. In doing so, Taxpayer is required to provide documentation to support her position. Taxpayer has not presented any evidence demonstrating that her federal AGI is incorrect as stated on the Federal Record of Account. Thus, Taxpayer has failed to meet her burden under IC § 6-8.1-5-1(c). Taxpayer's protest is therefore denied.

FINDING

Taxpayer's protest is respectfully denied.

March 29, 2019

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